



J. Scott Day, Commissioner  
Steve Dechant, Commissioner  
Ken Selzer, Commissioner  
Heather Young, Commissioner  
Sarah L. Shipman, Chair

Kansas State Employees Health Care Commission

Sam Brownback, Governor

**Kansas State Employees Health Care Commission  
June 6, 2016, Minutes  
KPERS Boardroom, 611 S Kansas Ave, Topeka, Kansas**

**CALL TO ORDER**

The Kansas State Employees Health Care Commission (HCC) meeting was called to order on June 6, 2016, at 1:30 p.m. in the KPERS Boardroom, 611 S. Kansas Avenue, Topeka, Kansas. The following persons were present: Commissioners Sarah L. Shipman (Chair), J. Scott Day, Steve Dechant, Kenneth Selzer, and Heather Young; Dan Dunbar for the Department of Administration, Office of Chief Counsel; and Mike Michael from the Division of Health Care Finance (HCF) within the Kansas Department of Health and Environment (KDHE).

**AGENDA**

**1. Approval of Minutes**

Chair Shipman asked for approval of the minutes of the April 20, 2016, meeting.

*It was moved by Commissioner Dechant and seconded by Commissioner Day to approve the minutes of April 20, 2016. Motion passed 5-0.*

**Action Items**

**Flexible Spending Account Administration Contract**

Request for Proposal EVT0004249 for administration of the Flexible Spending Account (FSA) program was released on February 25, 2016, and closed on March 30, 2016. The programs under the FSA program include the Health Care FSA, Limited Purpose FSA and Dependent Care FSA programs. Staff held negotiation meetings with three (3) vendors. Following the meetings, the vendors were asked to provide additional information to clarify their bids, and their best and final pricing.

In addition to vendor experience, cost and capacity, other issues of specific focus were enhancing member access to their account information and funds through user-friendly web portals, mobile applications and debit cards.

**Recommendation:**

Staff recommends that a three (3) year contract be awarded to NueSynergy for administering the Flexible Spending Account program.



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*It was moved by Commissioner Dechant and seconded by Commissioner Young to award a three (3) year contract to NueSynergy for administering the Flexible Spending Account program. Motion passed 5-0.*

#### Pharmacy Benefit Manager Contract

Request for Proposal EVT0004200 for a prescription drug pharmacy benefit manager was released on February 3, 2016, and closed March 17, 2016. The State Employee Health Plan staff held negotiation meetings with three (3) vendors.

Following the meetings, the vendors were asked to provide additional information to clarify their bids, and their best and final pricing.

In addition to transparency of the pharmacy contract and rebates, other issues of specific focus were pricing, innovative benefit strategies, comprehensive preferred drug list, member disruption, flexibility, vendor capability to provide quality customer service, and access to a specialty pharmacy program.

#### Recommendation:

Staff recommends that a three (3) year contract be awarded to CaremarkPCS Health for pharmacy benefit management services.

*It was moved by Commissioner Young and seconded by Commissioner Day to approve the award of a three (3) year contract to CaremarkPCS Health for pharmacy benefit management services. Motion passed 5-0.*

#### HealthQuest Rewards Program

Changes to the program were reviewed and the staff recommended that the employer contribution to the HSA/HRA be decreased by \$500 for employee and \$500 for covered spouse, and to allow the employee and covered spouse to earn the HSA/HRA dollars back through participation in the various wellness activities, this will be effective with plan year 2017; increase the credits from 30 to 40 credits; and return the premium incentive discount to \$20 per pay period effective with plan year 2018 to help drive engagement.

*It was moved by Commissioner Selzer and seconded by Commissioner Dechant to approve the changes to the HealthQuest Rewards Program recommended by Staff. Motion passed 5-0.*

#### Plan Year 2017 Plan Design and Contributions

Additional options were presented by Segal Consulting for consideration. Discussion was held regarding the options. It was decided that Employer Contributions to the HSA/HRA would be made quarterly instead of bi-annually. The following changes to Plan A and Plan C were made as follows:



Plan A

Increase Office Visit Copay by \$10.00  
Increase Out-of-Pocket maximum by \$1,000/\$2,000 (single/family)  
Add an additional deductible for family memberships: \$1,000/\$2,000/\$3,000  
Prescription Co-pay (Tiers 1 through 3): 20% / 40% / 65% / 100%

Plan C

Add coinsurance to meet Out-of-Pocket maximum of 20% after deductible met (\$5,000/\$10,000 single/family)  
Prescription Co-pay (Tiers 1 through 3): 20% / 40% / 65% / 100%

Contribution Changes

Spouse gap to close in 3 years  
Retiree gap to close in 1 year  
Non-State Employer Contribution to increase 7%  
State Employer Contribution to increase 7%  
Employee/dependent both Plan A and Plan C rate to increase 9%  
Employee dental contribution to increase 3%

**Recommendation:**

Staff recommends that the options above be approved.

*It was moved by Commissioner Young and seconded by Commissioner Day to approve the options discussed. Motion passed 4-1, with Commissioner Dechant dissenting.*

**2. Reports**

EAC Report

Cheryl Buxton reported on the EAC recommendations for Plan Design and Contributions from the meeting on May 17, 2016.

RFP Report

An RFP to provide a Part D Medicare Prescription Drug Benefit Management Service will be released later this year and negotiations are being held with the MAP vendor for a possible contract extension.

Finance Report

Ken Vieira and Kirsten Schatten of Segal Consulting presented an update of the Statement of Operations for the State Employee Health Plan (SEHP) for Plan Year 2016. Updates to the current finance report were presented through April 2016.



### **3. Discussion Items**

The update for bariatric surgery was tabled until the August meeting.

Discussion was held on the voluntary benefits program. Staff reported they have met informally with a few companies offering this benefit which helps reduce the members OOP for certain covered events. The last in-depth discussion for voluntary benefits was 2012. The company Colonial Life's offering was discussed as they have offered to provide education regarding Plan C to assist with the migration to that plan by setting up booths at various locations across the state at no charge to the state. They provided an estimated savings of \$2 million-\$6 million. Staff indicated they have not vetted those savings numbers. The state of Kansas is a current and active member of the National Joint Powers Alliance® (NJPA) and potentially can take advantage of the RFP product/vendor vetting already performed by NJPA, as Colonial Life is part of the NJPA.

It was stated that the Commission could elect to pursue the NJPA process for Colonial Life, go through the RFP process or take no action on this benefit at this time. After discussion, the Commission determined it would want staff to pursue an RFP for these products at a later date which would be determined at a future meeting.

### **4. Future Meetings**

The next meeting is scheduled for Tuesday, August 30, 2016, at 1:30 p.m. in the KPERS Boardroom.

*Secretary Shipman declared the meeting adjourned at 5:15 p.m.*